

The Reclamation Project: The Environmental Impact

The government of DKI Jakarta plans to massively reclaim Jakarta's northern seashore. The scope of this project is huge: the project will be 32 kilometers long and 2.5 kilometers deep, creating a new coastline for Jakarta. At the end of this project, to be finished in the year of 2020, Jakarta will have an additional 2,700 ha of land, consisting of: 965 ha for low density settlements, 257 ha for high density settlements, a 88 ha commercial business center, 426 ha for mixed business and industry use, 37 ha for general facilities, 420 ha for green spaces and mangrove forests, 136 ha for a harbor extension and industry, and 371 ha for infrastructure.

It is a Mega-project to turn this area of Jakarta into an attractive center of services, with a beautiful waterfront city. It is designed to help turn Jakarta into a capital city on the same level with other megapolitan urban centers like Singapore, Hong Kong, Sydney, New York. To Imagine the transformed face of Jakarta's northern seashore in the 21th century makes many citizens swell with pride. However, what will the social and environmental costs be to turn this vision into reality?

Controversy about the Jakarta government's planning to reclaim the northern seashores erupted only a few months after the project was launched in 1994. Dr. Bianpoen, an ecologist from the University of Indonesia, said that there is no reason to reclaim Jakarta's northern seashore. He said the program could demolish the coastal ecosystem. The land shortage; the main reason given for reclaiming the sea, was also unreasonable. According to him, "if the government consistently implements The Jakarta General Structure Plan (RUTR) of 1985-2005, it is still possible for Jakarta to absorb 12 million inhabitants the next century." (Republika, 31-3-1995).

Another expert who criticized the plan was Horas P. Hutagalung, a researcher at the Center for Oceanology,

Indonesian Institute of Sciences (LIPI). He said in the workshop on the Reclamation of the Gulf of Jakarta, conducted by the Center for Human Resources and Environmental Studies

of UI Research Institute (PPSML LP-UI), on 23 November 1994, that it is imaginable that one effect of the reclamation could be floods sweeping areas near the project located under sea



level, such as Pademangan, Pluit, Marunda and other areas.

The area which will be reclaimed is now under up to 5 meters of water, stretching from north of Jakarta's Soekarno-Hatta Airport to the west, to close to Bekasi in the east. About 80 sq. km. of sea will become shoreline, displacing about 400 million cubic meters of sea water.

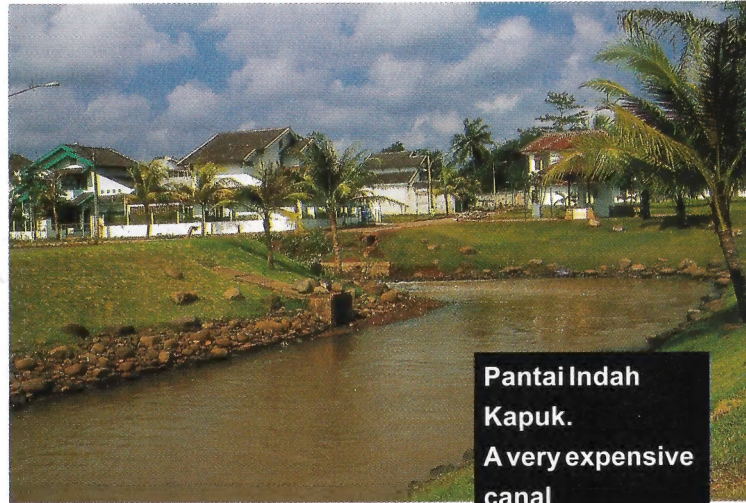
Vice Chairman of the DKI Jakarta's Regional Planning and Development Board (BAPPEDA DKI), Budihardjo Sukmadi, agreed that some areas in North Jakarta are located under sea level. Moreover, 13 rivers empty into the sea at the Gulf of Jakarta. It is certain that the impact of development in the upstream areas of Bogor-Puncak-Cianjur has increased the river's current. It can be imagined that if the water level in the river is high and the river's current is

affected by reclamation, then flooding could occur at low elevations.

Apart from flooding, there are also environmental problems related to reclamation. Expert Staff of the State Minister of Environment, on National Environment, Dr. Ing. Herman Haeruman JS, said that the reclamation plan needs more study, because it brings about new environmental problems; such as finding soil for reclamation, and changes caused in the sea's current by the project. He also said that to reclaim wide areas of the sea requires a huge accumulation of soil. The question is, "Where does the soil come from?" To accumulate soil for the Pantai Indah Kapuk and Pantai Mutiara reclamations alone, some islands in Pulau Seribu sank". (Kompas, 17-12-1994).

Some locations on the northern shore have already begun being reclaimed. Close to Sunda Kelapa Harbour there is the luxurious housing settlement of Pantai Mutiara (about 12 ha), a project by developer PT Taman Harapan Indah. PT Pembangunan Jaya also received permission to reclaim about 400 ha of seashore, which is part of the 25 year Pantai Ancol Development Plan.

The impact of the Pantai Mutiara reclamation by PT Taman Harapan Indah is still felt by Steam Power Electricity Center (PLTU) in Muara Karang. Before reclamation, cooling water from the discharge canal moved to the east, and its mixing zone was sufficiently wide. However, after the reclamation, its mixing zone has become more and more limited and water cannot flow to the east. As the result, cooling water (temperature about 48 degrees Celcius) moves back up the intake canal. As a result machinery has been damaged and



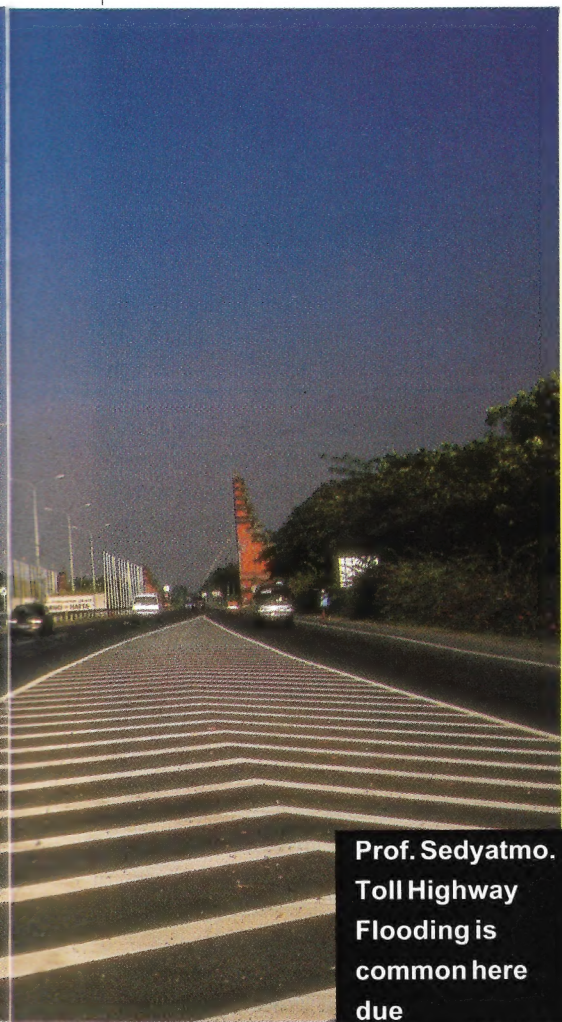
Pantai Indah Kapuk.
A very expensive canal

broken. Today, the developer of Pantai Mutiara must assume responsibility for the environmental condition at Muara Karang. Otherwise, houses that have been built at Pantai Mutiara will not be able to be sold, because the government and society will campaign that the developer has harmed the environment.

Reclamation of Pantai Indah Kapuk (PIK) also caused flooding on some parts of the toll highway to Cengkareng Airport. Consequently, the developer had to build a very expensive canal parallel with the toll highway to prevent flooding.

During the rainy season, the developer also has to rent a mobile pump to pump water from the highway to the canal. This is the high price developers pay who did not make an analysis on environmental impact (AMDAL) before they started their projects. However, those two developers cannot be blamed, because at that time, there was no regulation from the government obliging them to undertake AMDAL before the project started. In other words, both developers and the government learned that an Amdal study is very important, not only to preserve the function of the environment, but also to reduce the cost of development and maintenance.

Oceanologists are also concerned that reclamation will have some adverse impact on the life of the coral sea, "bentos" (small flora and fauna that lives at the bottom of the sea in



Prof. Sedyatmo.
Toll Highway
Flooding is
common here
due

coastal areas) and the mangrove forest remaining in North Jakarta. Mangrove forests only remain in certain areas of Jakarta's shoreline, such as in Muara Angke, Kamal, and the eastern part of the Bekasi shore. According to Hutagalung, mangrove forests need "salty fresh water"; a mix of fresh and sea water. Reclamation from the west to the east could cut the flow of fresh water and/or sea water to the mangrove forest. The result is, mangroves will die. Fish and prawn who live in the mangrove forest will also die.

Domestic and foreign investors are interested in pouring money into the reclamation plan because it will only mean relocating a few people, meaning developers will have to pay less compensation to dislocated residents. In reality, according to Dr. Haeruman, a lot of fishermen who live in North Jakarta will lose their source of income and have to move to other areas near Jakarta, such as Tangerang and Bekasi.

For example, the Marunda people, who have a marine culture, suffer after they move to land areas. It is difficult for them to adjust to the new environment, particularly for the less educated and unskilled.

Learning from previous experiences, the Governor of DKI Jakarta, Surjadi Sudirdja, determined that development of the waterfront city must not harm other parts of the city. That is why he is very concerned with the analysis of the project's environmental impact report (AMDAL). The DKI Jakarta government tightened up the AMDAL procedures, and will not give permission for the new reclamation project before the regional Amdal study is completed by the Bappeda.

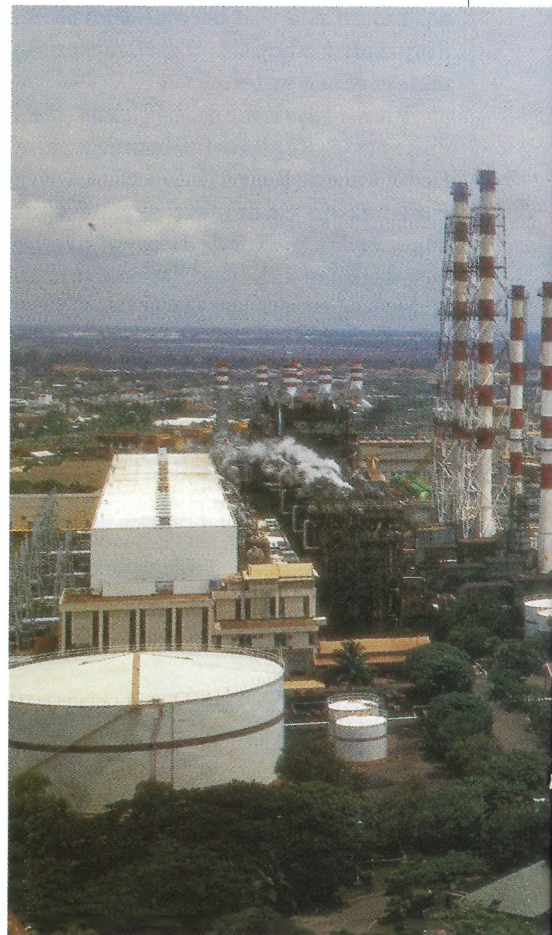
Actually, supporters of this plan also considered the ecological side of this program. For example, the study by Jakarta's City Planning Branch (*Dinas Tata Kota*) entitled "*Kota Pantai Utara Jakarta dalam Menyongsong Abad ke-21*" (Jakarta's Northern Waterfront City Facing the Twenty-first century), even placed the ecological factor as part of the reason for reclaiming the sea. The govern-

ment's consultants, Planning Workshop International, PT Puncak Wawasan Indah and PT Puri Fajar Mandiri, also published their collective promotion study in February 1995, titled "*Pengembangan Pantai Utara Jakarta. Kebangkitan Jakarta*" (Development of Jakarta's Northern Seashore. Rebirth of Jakarta). This study was funded by several private companies. However, as Governor Surjadi said, this does not mean that these companies are guaranteed to get the reclamation project directly.

According to a promotion booklet, the reclamation project developers are also concerned with the environment. There are 6 points concerning the environment in the booklet: the first is to take into account environmental factors carefully in the process of planning and development of the area; second, to cooperate with related Central Government institutions in maintaining and controlling the environment; third, maintain the land which is designated by the government as environmentally protected and heritage areas - that is, mangrove forests, heritage buildings and traditional kampongs (villages); fourth, to make efforts that new development will not increase present problems, and that the development of facilities and infrastructures is in accordance with environmental preconditions; fifth, to use every opportunity to improve the environment in every development proposal; sixth, to increase people's awareness of environmental problems and sense of responsibility to recycle and perform other actions related to conserving the environment.

It seems that the study was very positive and supportive towards the reclamation program, particularly concerning the relationship between the plan and the environment. However, in reality, it will be difficult to implement. In some cases, there will be a gap between what is written and what will be implemented. In other words, if there is no tight control from the government, it is possible that quite a few questionable investors and

developers on the reclamation plan will not be concerned with the environment. They may only be concerned with what they can get from the project. So, Board of Environment Preservation and Implementation



(Bappeda) has to control developers, both during the planning and the implementation of the reclamation project. DKI Jakarta's government must also study proposals from private companies carefully before issuing permission to develop.

Integralistic Structure Planning

Indeed, seashore reclamation has become an attractive project which attracts private investors and developers. Unfortunately, according to Prof. Dr. Ing. Sugandar Sunawiganda at the Seminar on the Development of a North Jakarta Waterfront City, up to

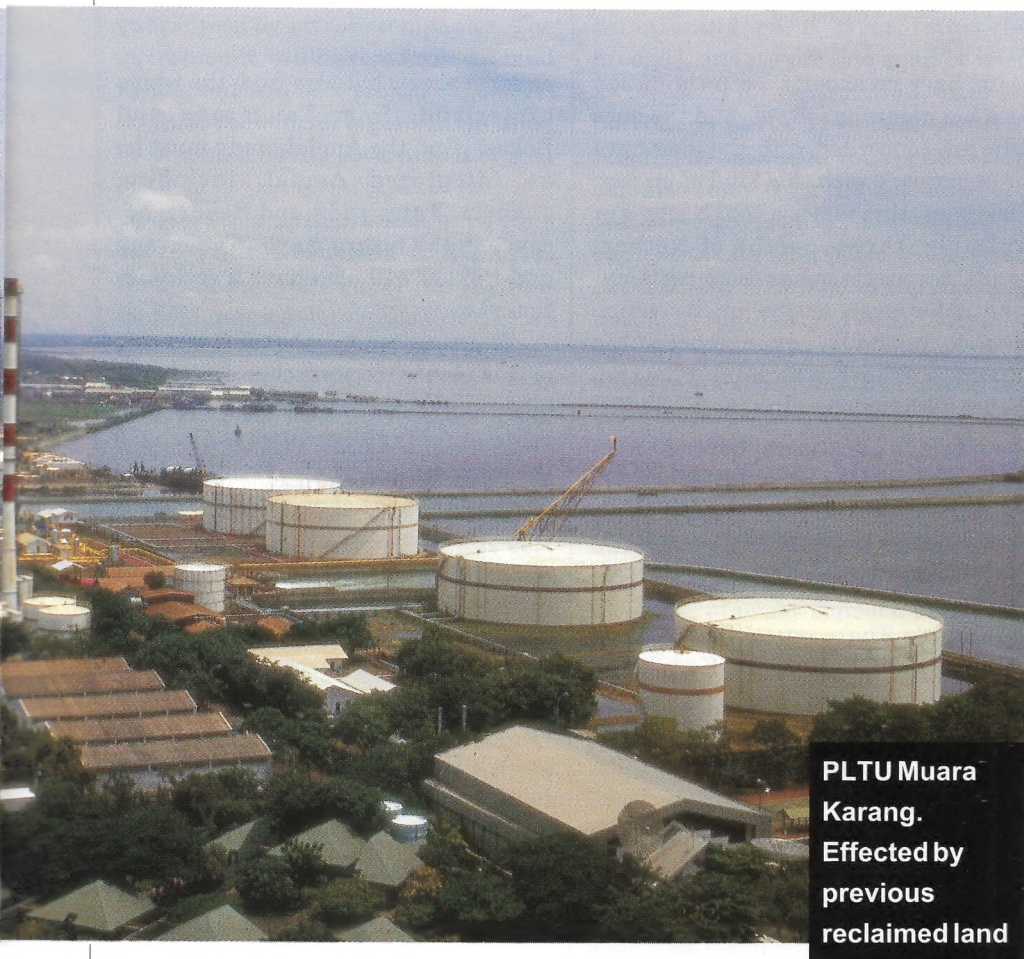
now the DKI Jakarta government does not have an integralistic structure plan (Master Plan) on the reclamation development, particularly from the physical side, including the entire area to be reclaimed. Seashore

so that a reservoir effect will be maintained. However, to maintain the quality of water, liquid waste should not be directly pumped in to the canal, so that a waste plant has to be built. It means that the investor has to pay the

4. If sand at the bottom of the sea in the Gulf of Jakarta is used as a source of landfill, it will make a concave pit at the bottom of the sea, which will change the current's refraction pattern; possibly damaging the coast.

To make a master plan (structural plan), impacts cannot be analyzed only by qualitative forecasts, however professional they may be done. It is a proper for the DKI Jakarta government to demand more reliable scientific verification on the foreseeable expected physical impacts of the reclamation plan. Fortunately, today we live in the era where science and technology are able to provide both qualitative and quantitative answers if we plan projects which will have a long-term impact on the live environment. By using coastal model simulations with computers, we can verify the impact of reclamation plans on the physical environment. The impact of the reclamation plan on Jakarta's northern seashore can also be verified through computer modeling; its impact on flood levels, affected performance on the present river system, flood canals and drainage, the flow of contaminated waste, the quality of water at the coastal area, sedimentation and erosion of the new coast, tides, and so on.

Recovery of a comfortable physical environment is one of the bases for the rebirth of the city of Jakarta. The reclamation program must not harm the present physical environment, particularly the city's flood control and drainage systems. In order to reclaim the northern Jakarta's seashore safely, the government has to make an extensive and complete AMDAL report, and implement its recommendations step by step, without any compromise with domestic and foreign private investors or developers. Otherwise, those concerns raised by environmental experts on the impacts of reclamation plan will become harsh reality.



PLTU Muara Karang.
Effected by
previous
reclaimed land

reclamation will basically develop a new coastline. Qualitatively, the physical impacts can be anticipated as follows:

1. If the coast area is wet soil, and then being reclaimed with accumulation, the function of wet soil as a flood reservoir and natural waste recycler will be lost. **The impact is:** the level of the water rises (for example Pantai Indah Kapuk), and new waste plants have to be built as a replacement for wet soil which functioned as a natural waste filter. Otherwise, it will contaminate coastal areas.

Action: if wet soil being lost a canal will have to be built. It means that the reclamation area has to be an "island",

proper social cost to replace the function of wet soil as a filter of liquid waste.

2. If the old coast is drastically changed, if there are any rivers or canals in that area, their length will be changed, increasing chances of flooding.

3. The whole "reclamation island" built on the old coast will change:

▲ **the pattern of micro wind circulation and micro climate on the old shore.**

▲ **the coastal water regime: current, sedimentation, coast erosion, and tides.**

Environmental Minister Stresses Environmental Impact Report

An Interview with the State Minister of the Environment, Ir. Sarwono Kusumaatmadja

IPR: What do you think about the Reclamation Plan at Jakarta's beach front?

Minister : As an idea, reclamation is good, but it needs preparation steps in order to avoid problems in its realization. We have to assess it first as an idea, and then keep a careful watch on its planning and realization. Some have already judged the idea in advance. Some experts were concerned with the negative impacts of reclamation, while the negative impacts pretty much depend on the planning and realization of the project, and not on the idea. So we have to limit our discussion to the idea first, and then follow with discussion on what should be regarded during the planning and realization stages. So our discussion should be step by step. Otherwise, it will get mixed up. Please do not judge the idea in advance, otherwise we will always have negative opinions about any new idea, creating pessimism.

IPR: Some experts are already concerned with the idea, not only because of its environmental impact, but also because of the gap in development between Western Indonesia and Eastern Indonesia.

Minister : This idea is actually good if the planning is also good, and the realization meets requirements. Of course, we need extraordinary expertise to realize the project. We Indone-

sians have no experts on reclamation as a big planning job yet, and the ones who are concerned with the idea have no experience with this kind of project. Overseas, this is not a tough job. For example, three-fourths of Netherlands' territory comes from reclamation. Moreover, every big city which has a harbour, experiences big changes. Those who have no experience with big planning sounded off.

IPR: Actually, they based their comments on the past experiences, such as reclamation in Pantai Indah Kapuk and Pantai Mutiara.

Minister : Those were different kinds of 'animals'. Pantai Indah Kapuk and



Mr. Sarwono Kusumaatmadja

Pantai Mutiara were reclaimed before we had an Amdal (environmental impact report) regulations. Today, there is a requirement that an Amdal study has to be done by Bappedal before any reclamation plan will be undertaken in North Jakarta, and the study must be a Regional/integrated Amdal, not sectoral. So the information must be gathered not only from

Jakarta areas, but also from the whole hinterland, from Tangerang and Bekasi. And the Amdal study must be an integrated Amdal, including Jakarta, Tangerang and Bekasi, because in the future maybe Tangerang and Bekasi will also have a reclamation plan.

The question is, what is the result of this plan? Of course there will be an environmental change. This is not uncommon. Mankind always changes the environment. However, it has to be ensured that the changes will be positive. So, what should be preserved in any effort to change the environment are the functions of the environment. The most important thing to do when we change the environment is to, at the same time, have the functions of environment remain good. Nowadays, one's mind is cloudy because one has heard a lot about environmental preservation. It is impossible to preserve the environment, mate!. The best thing we can do is make every endeavor to preserve the functions of the environment, although the environment itself is changed by human being/mankind. So that, if the changes are big, such as the reclamation of North Jakarta, preparation must be good. Amdal should take into account every related environmental aspect in Jakarta, Tangerang and Bekasi.

One of the benefits of the reclamation project is that it is in line with efforts to revitalize the city and to maintain environmental management; such as waste industry management, domestic waste, water supply, and garbage management. If those projects are separated from the reclamation project as city developments, they will be very expensive. However, if we unite the reclamation with the city's revitalization, it will be cost effective.

So reclamation is very valuable from the point of view of environmental management, because it creates cost effectiveness for environment control.

Today the government has very limited funds. Reclamation is very attractive, because the whole cost will be guaranteed by private companies. The government will have no role as fund raider, but will be a project controller. So that, the control organization must be prepared by the government of DKI Jakarta.

The reclamation which have gone on in Pantai Mutiara and Pantai Indah Kapuk were out of the environmental management, because it was not based on Amdal. It was done before we had an Amdal regulation. It is pretty similar with the reclamation of Ancol in 1970s, which did not have Amdal, so that hundreds of hectares of mangrove forest were sacrificed. Was this project wrong?, it was certainly not, because it was based on previous regulations. But the 25-year Ancol Development Plan must be constructed based on an Amdal study.

I plea once again, please, do not imagine that the project of reclamation will bring about disaster. At this stage, it is better to discuss the idea itself, then we shall think about the amdal study - which must be undertaken comprehensively. Then the realization and control must also be good.

Then, what of the impact of the reclamation on the Seribu Islands. The reclamation of North Jakarta must support the recovery of the environment in the Seribu Islands, because if reclamation blends with garbage control, control of waste industry and domestic waste, it will reduce the impact which is suffered by the Seribu Islands as a result of pollution and contamination from Jakarta. We cannot do this with special projects, because it is very expensive. So, we have to integrate these projects with reclamation. With reclamation, there will be a waste water plant, treatment of solid garbage/waste, control of domestic liquid waste, all part of the city planning.

We will also measure the depth of the river. If the river is shallow, it will

overflow. To provide a haven for those flood waters, we have to build a wide enough artificial lake. If we want to build this artificial lake, it will be very expensive. So, it much cheaper to dredge rivers and use its soil for reclamation. Ciliwung river, which is not functioning as a river, must be dredged, and its soil and sand be used as material for reclamation, after its poisonous parts have been neutralized. The material for reclamation can also come from the bottom of the sea. We can also use solid waste/garbage, after its lead poisons has been neutralized. Red land or top soil will not be brought from Seribu Islands, but from construction projects in Jakarta, such as from the Subway development project. So, it will become an integrated project and a total plan. We are afraid to put the reclamation plan into operation because we are not accustomed to working in an integrated plan. However, We are keeping a record of every concern about the reclamation plan and will try to resolve them.

The height of buildings will also be properly arranged, to make better wind circulation. Today, Jakarta has only 30 ha. of mangrove forest. By reclamation, space for mangrove forests will become ten times that; i.e. 300 ha. It is good, because we create a habitat for wildlife using human efforts. It's not wrong if we build an artificial (man-made) wildlife preserve by copying nature.

IPR: What about the regulations on reclamation, are they enough?

Minister : From the amdal study we can make government regulations to manage/control the reclamation system. We use this project as a starting point, because by making a good amdal study, we can have good regulations on reclamation. Amdal is very strategic. Through Amdal we can also make some observations about what should be regulated in such a project. In other words, we regulate while doing, because our information and experience is very limited, so we have to go

by steps. Previous reclamation was a mess because it was not based on the Amdal study for a live environment. Please, do not see this as the same work. It's very different.

Then, people ask why don't we create centers of development in other areas (outside Java), and why must it be in Jakarta? It is fine to have such thoughts. Don't forget, however, to create those centers we will have to do a lot more homework, and it will be very expensive. Can we force entrepreneurs to develop centers of development outside Java? After all, all of them are competitors who are looking for profit. We cannot change them to 'social animals', ready to suffer a loss. So, by using private monies to develop Java, the government is able to cut costs to create economic growth outside Java with very significant projects, such as the power plant in Central Sulawesi.

We will get a lot of experience from the reclamation plan. We will study and get experience with foreign experts, as we have from the dam and toll way constructions. For example, when we constructed Jatiluhur Dam, we learned from French experts. After that we could construct many dams by our own experts. Of course, there was a disaster with the Sempor Dam, but it was part of the learning process. We also experienced social problems; such as in Kedung Ombo, Central Java. When we constructed a toll way for the first time, we learned from Korean experts, but after that we learned how to construct many toll ways by ourselves.

The environment will only be preserved if there is an economic motive for it. For example, if we want to plant mangrove forests for the sake of mangroves, who will be attracted? Elephant are protected after people become aware that elephants have economic values in helping the forest exploitation companies, (HPH), such as in Sumatra. To protect the forest, it is also important to inform people that the economic value of the jungle and forest come not only from the wood, but also other flora and fauna.

Land Status after Reclamation

There is no specific rule regarding reclaimed land. The Government still uses previous rules covering land that is acquired by the state.

The need for land in Jakarta due to rapid development has caused developers to search for strategically located land all over the greater Jakarta area.

South Jakarta has developed along the transportation corridor to Depok and beyond to Bogor. West Jakarta has spread out to Tangerang, East Jakarta out to Bekasi, Central Jakarta is going vertical, and North Jakarta has developed to the beach. North of Jakarta, in Jakarta Bay and beyond, there are thousands of small islands, relatively inaccessible from the high density urban area. Exploring developers finally determined that a way to acquire well-located land efficiently is through reclamation.

One aspect of the reclamation problem is the land status of reclaimed land. The problem is the licensing of the reclaimed land. Presently, here is no specific rule regarding reclaimed land. "Presently, government is preparing a draft for that land through regulation," says Tjahjana M. Ruchjat of the National Land Body (BPN).

The draft will formulate the procedure to reclaim land by an individual or body. It will only be permitted with a government license after an environmental impact study. This is in accordance with government regulation

No.51/1993, concerning the Analysis of Environmental Impact (Amdal), to safeguard the natural environmental equilibrium.

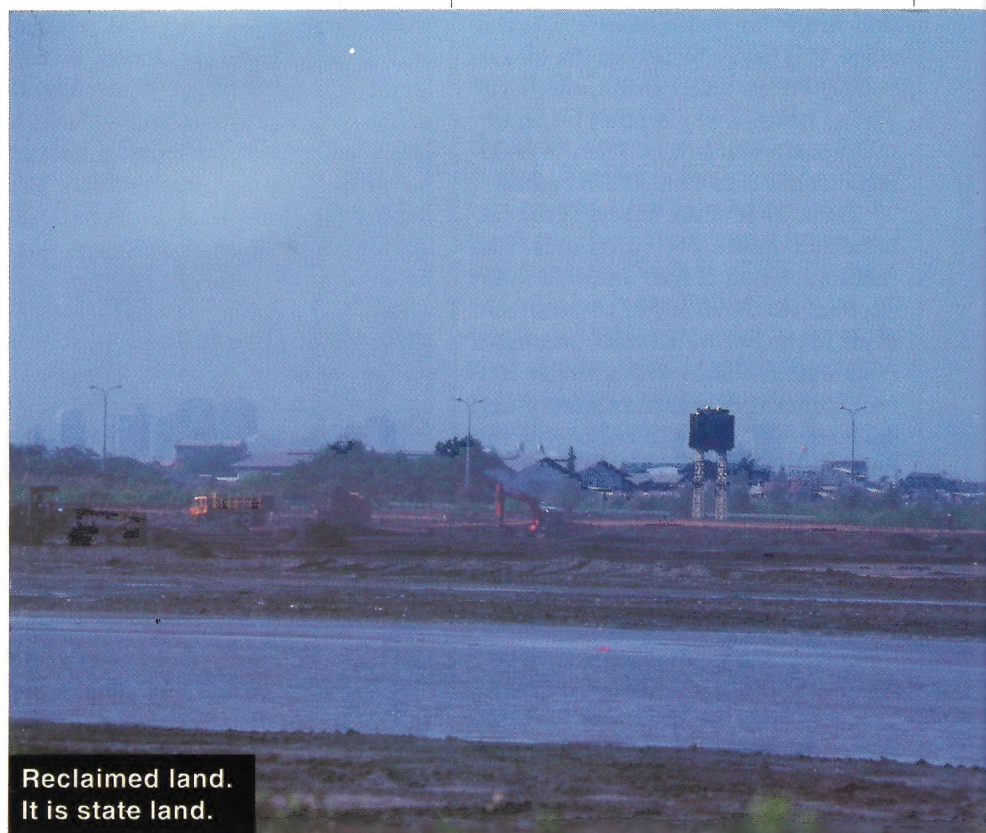
Before the investor gets a location license to acquire land, they must receive a decision from the Amdal commission stating whether the development is well prepared or not. Further processing is done after the land is mapped and measured.

For the basic law concerning reclamation, says Tjahjana, look at UUD 45, Chapter 33, Article 3, stating that the land, water and natural resources of Indonesia are owned by the State and used for the peoples' prosperity. This Act is referred to in Decree No.5/1960, known as the Basic Agrarian Act or Undang-undang Pokok Agraria (UUPA). In UUPA Article 2, it mentions that there are important princi-

pals on the right to acquire land from the government. The goal is to increase the peoples' prosperity through regulations and land use practices. Land use and land acquisition are two aspects of land rights.

Through organizer institutions, government determines the types of land rights that will be provided. It is the government's duty to manage land through national planning and regional planning.

In providing land rights, the government must follow certain principles. Land use has a social function. It's use is to achieve prosperity and justice for the land owner and state. Second, each Nationality has the same chance to get a right of land. Third, each person or persons who have a right of land have to use the land, as well as avoid damage to the land.



Fourth, monopolization of the use of the land must be avoided.

Some types of land rights are: right to ownership (HM), right to business (HGU), right to build (HGB), use right (HP), rental right (Hak Sewa), and other rights stated by Acts, including temporary rights.

The authority to use land is placed with the owner of the land right. According to Article 14 of the Agrarian Act, the government has the authority to make plans for the land, to use the land, and to provide the land to private entities. And this rule is stronger since the government published the Space Planning Act No. 24/1992.

Tjahjana says land planning could be effective when the land is formulated with concern for the ownership and structure of land used. Land in many locations at the Jakarta city fringe have been developed under the principal of land consolidation. All aspects of the land have been replanned. For example, road infrastructure is financed by participants of land consolidation, including investors. This technique is based on active participation from the community that uses the land. This planned approach will prevent urban sprawl in the city's urban fringe.

Length of Time of Land Ownership

There is time limit on land ownership of non-agricultural undeveloped land. The time limit of land ownership in the city has been determined by the license mechanism based on Home Affairs Minister decree No.59/DDA/1970. This decree is not effective for companies that already have a set right of land.

The time limitation has not prevented land speculation and increased land prices. Most land that has been acquired by individuals or entities has not been used or made functional in line with the stated goal for the use of

land.

Due to the dynamics of land use, the strategic functions of land monitoring and controlling needed to be developed.

The license to acquire the land is the location license - based on Presidential decree No.97/1993. The application for the license is turned in to the head of local land office. After getting the location license, which is good for 12 months, the company can acquire the land. Basically, to acquire the land, negotiations can occur between the owner and the prospective buyer. After buying the land, the company could apply to get the right to build (HGB). In article 35 to 40; UUPA, it mentions that the HGB is a right to build on the land. This HGB could be 30 years, renewable for 20 years. After the land use period is finished, as long as the land is still used according to the goals of the government in providing the right, the HGB could be renewed. Joint venture companies with foreign partnership can apply for the HGB.

Article 2,4 UUPA states that land rights come from the central government and operational control could be delegated to local government. The right to acquire from the state could be delegated vertically in the local, ie., provincial National Land Body (BPN) and regional BPN, with full financing from the central government. And the local government, based on recommendation, could be given the right of use (HP) or Management Right (HPL). The HP is used by local government to build facilities.

The HPL is held by local government. It is a part of the right to acquire land from the central government. The holder of the HPL could transfer the land to a third party. If the transfer is for more than 20 years, the local government could give the land under the HGB. The HGB has to be paid for. After the land use right expires, the land right reverts back to local government, where it could be renewed or given to other parties after payment.

The Government provides the

right of land use only to persons or legal bodies who have legal documentation. It means persons or users are prohibited from use of land without permission from the owner of its deputy, according to article 2 UU No.51/1960.

Land Status

The status of land could be divided into two areas. First, land that has been burdened with a right, whether fixed by UUPA, or traditional; called a 'land right', and land that has not yet been burdened with a right, called 'state land'.

Looking at the regulations above, reclaimed land is state land, and will be provided status by the government. So, the reclamation organizer is not automatically the owner of land and or the owner of the right of reclamation land. There is still a procedure that has to be done to get the right of reclaimed land. They have to apply for the required right of land from the government Local National Land Body, with a note that they have priority rights to get that land.

The first right could be given as a Main HGB to developers with the obligation to set aside some of the land for conservation as protected zones. Based on the main HGB, land could be divided into user HGBs that could be given out.

The second alternative is to give right to manage (HPL) to local government. Then a regulation could be written defining the transfer of authority of the land. HPL is a part of the right of land of the central government given to local government. It could provide parts of the land to third parties with a duration of more than 20 years. The third party could be given the HGB.

So, Tjahjana says that to make for easier administration, reclaimed land could initially be given under the HPL to local government.

Ir. Ciputra :

Reclamation Project Recommendations

Ir. Ciputra, President Director of PT Pembangunan Jaya, is 'the pioneer' of the property business in Indonesia. He is also one of the pioneers of the Jakarta beach reclamation project. PT. Pembangunan Jaya, which Ciputra manages, has reclaimed tens of hectares of the Jakarta seashore at Taman Impian Jaya Ancol (Jaya Ancol Recreation Park) and also initiated to reclaim Pantai Indah Kapuk (managed by PT. Mandara Permai belonging to Metropolitan Group). However, the DKI Jakarta government plan to reclaim thousands of hectares of Jakarta Pantura (The Jakarta Northern Seashore) is a huge project which cannot be compared with previous projects carried out by PT Pembangunan Jaya. Therefore, according to Mr. Ciputra, the long-term reclamation project should have a feasibility study, an analysis of environmental impact, steady technical planning, bonafide companies operating it, and the support of huge capital. These are his comments on the reclamation project.

IPR: What is your comment on the reclamation plan for Jakarta, and how do you compare it with projects in other countries?

Ciputra: The DKI Jakarta government's planning with the central government's blessing to reclaim thousands of hectares of the Jakarta northern seashore should get good response. Indeed, the reclamation of the Jakarta Seashore on the scale of tens of hectares has already been carried out by Taman Impian Jaya Ancol and Pantai Mutiara. Huge reclamation programs like this have been accomplished by the Dutch government in order to widen its cities along the seashore. It has been carried out successfully and is well-known around the world.

Singapore also reclaimed its seashores to widen the 'Island State'. Singapore even imported sea sand from Riau to reclaim its seashores. For example, Singapore's 'Marina Square', which is made up of several hotels and shopping centers and 'Suntex City', are built on reclaimed land areas.

Reclamation was also carried out in Tokyo Bay, and named 'Bay Front City'; this area is now well-known for tourism and business activities. Hong Kong also reclaimed areas near the Central Business District successfully a long time ago.

Enlargement of land areas through reclamation is undertaken, among other reasons, because land area (liv-

ing space) is already limited and overcrowded. If we develop/construct on those areas we have to remove people, and it means that we discomfort a lot of people. Through reclamation, the seashore areas which are still wide and inefficient, are reclaimed, so that we can enlarge the living space to accommodate population growth.

IPR: This project is phenomenal. Do you think that it is the best way to resolve a land shortage in Jakarta?

Ciputra: Reclamation is one of the ways to widen already crowded land area in Jakarta. Another way which can be adopted is to increase the Plot Ratio. In Singapore, for example, the Plot Ratio on the whole island is constantly increased, and in average is higher than in Jakarta. The DKI Jakarta government has also started to increase the Plot Ratio in Jakarta, so that the ratio between building and land space is higher, increasing land use efficiency.

IPR: What is the strategy to achieve this goal?

Ciputra: This reclamation programme should have a feasibility study, an analysis of environmental impacts (amdal), steady technical planning, be carried out by bonafide companies (both state enterprise/local govern-

ment enterprise and private enterprise), and supported by huge capital, because, from start to finish, the reclamation project is going to take a long time.

IPR: Do you think this project will attract foreign investment?

Ciputra: I believe it will not only attract foreign investment but also domestic investment, because its location is very strategic; near the central city, and on this new area can be built a variety of infrastructures and facilities for tourism, trade, and housing.

IPR: Do you think big changes are going to happen, such as the move of the CBD from central to north Jakarta?

Ciputra: CBD will always be in the central city. In new areas very significant sub-CBDs will come, particularly in the areas of tourism, business and housing. Because a metropolitan city, - Tokyo for example - has a main CBD and several sub-CBDs.

IPR: Will this project be a success?

Ciputra: I think so, but it needs a long time, huge capital and advanced management. To insure the projects success, we need experienced entrepreneurs with proven endurance.

BUSINESS STRONG IN THE MIDST OF PRICE DECREASES

1995 seems not to be a good year for property stocks at the Jakarta Stock Exchange (JSX).

After accumulating profit in early and mid 1994, property stock prices began a long downward trend, and continue to be relatively weak now. Some analysts predict that there will not be meaningful improvement in prices over 1995.

This phenomenon of declining stock prices has been seen since the end of 1994 (see Table I). Factors like high interest rates and low consumer enthusiasm in the apartment sector contributed to low prices for property stocks early in the year. The average decline in property stock prices was 25 percent.

From January to April 24, 1995, Ciputra Development went from Rp 4,450 to Rp 4,125, Dharmala Intiland went down from Rp 1,350 to Rp 1,275,

Duta Anggada went from Rp 1,575 to Rp 1,350, Duta Pertiwi from Rp 3,175 to Rp 3,150, Jababeka from Rp 4,075 to Rp 3,675, Jakarta International Hotel from Rp 2,050 to Rp 1,950, Jaya Real Properti from Rp 6,700 to Rp 5,500, Lippoland Development came down from Rp 2,000 to Rp 1,500, Mas Murni from Rp 825 to Rp 750, Metro Supermarket Realty remained at Rp 2,500, Modernland went from Rp 4,400 to Rp 3,700, Mulialand went from Rp 1,950 to Rp 1,275, Pakuwon Jati went from Rp 1,650 to Rp 1,050, Panca Wiratama Sakti from Rp 5,500 to Rp 5,200, Pudjiadi Prestige from Rp 1,475 to Rp 1,400, Putra Surya Perkasa from Rp 1,050 to Rp 1,100, and Summarecon from Rp 3,200 to Rp 2,000.

Overall, there was a decrease in the composite Stock Price Index. The Index from March 1994 to April 1995 decreased from 546 points to 414 points (see Chart A). Decreases in the composite index was matched in the properties index. It shows that market weakening may still bring prices lower in the immediate future. "Today, all prices have dropped below the IPO price except Jaya Real Property," say Lanny Leiman, analyst from PT. Sigma Batara.

In JSX, the property sector in January and February 1995 was troubled by a signal that domestic interest rates will be raised due to the weakening of US dollar. "This has been a main factor influencing the



Future home of the Jakarta Stock Exchange.



stock exchange market," add Lanny.

US dollar to Yen fluctuations are volatile and will continue to haunt market players. Adriansyah Chaniago, analyst from Gajah Tunggal Securities, says that it will push up the domestic lending rate. He said that lending rate is 22 % with 19-20 % for housing loans. Nani J Santoso, manager at Ciputra Development, pointed out that uncertainty of the Yen has affected interest rates. It's a reason for the decrease of property stock prices.

Besides international economic effects, property stocks are also effected by domestic factors. Property stocks took the news of the rise in cement sales prices badly, as these sharp increases in cement prices hurt developers' net profit and harms expansion plans.

When we look at the property business itself, the overall market has weaknesses. Oversupply has caused a drop in demand for apartments. At the same time, the office sector is still

eign investors worry about a possible rupiah depreciation against the Yen. They are now recalculating their investments in Indonesia, rather than investing. Investors are busy readjusting their portfolios following the recent announcement by the Central Bureau of Statistics that there is a possibility of double digit inflation this year.

It may be understandable if foreigners adopt a wait and see position, say Rivano. Although, fundamentally, share prices are very cheap, investors realize it will be hard to sell again or make changes in their portfolio in the present market.

Some brokers say that foreigners became cautious and took the sidelines in emerging markets such as Indonesia. They did just short-term investing and did not consider fundamental factors.

Lanny also found the situation interesting. Between lower prices and a lower composite index, there is still no strong trend to buy property stocks.

Nowadays, some investors only look at the technical factors for speculative buying, like stock liquidity, the condition of the company reflected in Price Earning Ratio (P/E), or the discount to NAV.

Typically, in 1995 the P/E of the property sector has been 8 to 9, lower than in 1994. While the general mar-

weak. Perhaps developers who build satellite city developments, or have most of their portfolio in the residential housing sector have prospects to make profit at the end of this year.

Still, property stocks changed hands rather intensively. Dharmala Intiland, Duta Anggada and JIHD, PSP and Lippoland did not gain much, although they were heavily traded.

This turmoil, brokers say, will make most investors rein in their activity and wait for better news. For-

MARKET CAP OF PROPERTY STOCKS

No	COMPANY NAME	DATE 24/4/95	LISTED SHARES (Billion)	MARKET CAP (Million)
1	CIPUTRA DEVELOPMENT	4,125	250.00	1,031.25
2	DHARMALA INTILAND	1,275	243.63	310.63
3	DUTA ANGGADA REALTY	1,350	275.00	371.25
4	DUTA PERTIWI	2,675	225.00	601.88
5	JABABEKA	3,675	313.60	1,152.63
6	JAKARTA INT HOTEL	1,950	386.01	752.72
7	JAYA REAL PROPERTY	5,500	235.00	1,292.50
8	LIPPOLAND DEV	1,500	248.83	373.24
9	MAS MURNI INDONESIA	750	55.00	41.25
10	METRO SUPERMARKET	2,500	58.20	145.53
11	MODERNLAND REALTY	3,700	76.00	281.27
12	MULIALAND	1,275	378.00	481.95
13	OMETRACO REALTY	1,575	135.00	212.63
14	PAKUWON JATI	1,050	210.00	220.50
15	PANCA WIRATAMA	5,200	33.00	171.60
16	PUDJIADI PRESTIGE	1,400	100.00	140.00
17	PUTRA SURYA PERKASA	1,100	315.00	346.50
18	SUMMARECON AGUNG	2,000	159.00	318.00
Total			3,696.27	8,245.33
Pct of Total Stocks in JSX				8.34 %
JSX Total				98,838.18

ket P/E is about 14 - 15. Big-cap shares are one indicator of a stock's liquidity. But, it is not certain that the stock's performance will be good.

The 18 listed property stocks at the JSX total 3,296.84 million shares with a value of Rp 10,151.94 billion. This value is 10.58 % of the total stock value at the JSX (Rp 99,537.38 billion).

Ciputra Development, Jaya Real Property, Jababeka, Jakarta IH, Duta Pertiwi, and JIHD are the big five in big-cap share. 'Duta Anggada, Dharmala Intiland, Duta Pertiwi, Lippoland, and PSP are liquid enough,' adds Rivano. In the bad market situation of 1995, these stocks are still being traded.

Even, with lower prices and the big-cap share they have, Duta Anggada and Dharmala still record about 1 million shares of trading per day. Lippoland, PSP, Jaya Real Property, Ciputra and other big-cap shares will be much traded during this time of low stock prices.

To know the market reliability of property companies with big-cap shares, it is useful to study the background of the company. Most of them are conglomerates in Indonesia. They lead the property sector with many big

projects that they own or manage. Some become the biggest in certain sectors and keep on expanding.

Duta Anggada Realty (DAR) is property division of the Gunung Sewu

lettable area.

Duta Anggada Realty's Apartment building; Hayam Wuruk Plaza, is already 90% sold, and is the first and only apartment building to be developed in the Chinatown area. Kemang Club Villa and the retail building Barito Plaza are part of the company's portfolio. DAR is currently developing the Pavilion Park Apartments, which were started in 1993. The first tower of the 2-tower apartment complex has a capacity of 250 strata title units, and is expected to be completed in December 1995.

Dharmala Intiland (DI), the property arm of Dharmala Group has a 1,050 ha land bank, making it one of the largest among listed property companies in Indonesia. DI was initially engaged in the business of development and leasing of commercial property, with a recurring income base from Wisma Dharmala Sakti.

As the company expanded its activities, it encompassed almost every field of real estate-related business. In July 1992, the company acquired Dharmala Land, the Surabaya-based company, one of the largest real estate developers in East Java. This company's holdings feature a golf estate, residential, and commercial proper-

Group. The company has a well-diversified portfolio in office (53%), residential (21%), retail (16%), hotel (8%) and industrial (2%) holdings. The company's flagship property is 25-story Chase Plaza office building located in the Golden Triangle. Its land bank is almost exclusively located in Jakarta.

Other prominent properties include the twin tower office building Bapindo Center, developed on a BOT basis and located in the Jakarta CBD, with a total lettable area of 81,500 sqm.; and the Great River Building at Kuningan, scheduled for completion by mid-1995 with 19,000 sqm. of

BIG FIVE IN MARKET CAP PROPERTY COMPANIES

No	COMPANY NAME	PRICE 4/24	LISTED SHARES (Billion)	MARKET CAP (millions)
1	JAYA REAL PROPERTY	5,500	235.00	1,292.50
2	JABABEKA	3,675	313.60	1,152.63
3	CIPUTRA DEVELOPMENT	4,125	250.00	1,031.25
4	JAKARTA INT HOTEL	1,950	386.01	752.72
5	DUTA PERTIWI	2,675	225.00	601.88
Total			1,409.61	4,830.98
Pct. of Property Stock			38.13 %	58.59 %

TABLE I

PROPERTY STOCK PRICES FEBRUARY 1994 TO APRIL 1995

(In Rupiah)

EMITEN	1994											1995				OFFERING PRICE
	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	
1. Ciputra Development	—	6,000	6,200	6,900	6,200	5,800	6,700	6,500	6,600	6,000	5,850	4,700	4,450	3,975	4,125	5,200
2. Dharmala Intiland	5,900	4,600	4,075	4,425	3,500	2,975	3,125	3,225	3,050	2,250	2,000	1,350	1,575	1,350	1,275	4,550
3. Duta Anggada Realty	8,000	7,200	5,825	6,300	5,550	4,800	3,800	4,000	2,000	1,675	1,575	1,250	1,525	1,425	1,350	8,200
4. Duta Pertiwi	—	—	—	—	—	—	—	—	—	—	3,150	3,175	3,125	2,900	2,675	3,150
5. Jakarta I H D	5,200	4,200	3,400	3,375	3,025	2,875	3,400	3,600	3,400	2,725	2,575	4,075	3,775	3,300	3,675	4,950
6. Jaya Real Property	—	—	—	—	—	—	6,500	7,300	9,000	8,900	7,500	6,700	6,700	5,400	5,500	5,200
7. Jababeka	—	—	—	—	—	—	—	—	—	—	—	6,700	5,400	5,500	5,500	5,100
8. Lippoland Development	9,100	8,400	7,400	5,650	5,250	5,200	4,500	5,350	5,500	3,400	3,050	2,250	2,050	1,525	1,500	4,900
9. Mas Murni Indonesia	3,000	2,900	2,100	—	—	—	—	1,325	1,325	925	900	825	900	800	750	2,700
10. Metro Supermarket Real	—	—	—	7,000	6,750	6,950	6,950	5,500	6,950	6,950	2,500	2,500	2,500	2,500	2,500	—
11. Modernland Realty	10,600	10,600	8,300	7,800	7,800	7,600	8,000	7,900	7,750	7,000	6,675	5,000	4,400	4,300	4,050	4,650
12. Mulialand	—	—	—	—	—	—	2,650	2,900	2,575	2,275	2,250	1,950	1,500	1,750	1,275	2,850
13. Ometraco	—	—	—	—	—	—	2,150	2,100	2,100	2,100	1,950	1,875	1,700	1,750	1,575	2,050
14. Pakuwon Jati	5,350	4,450	3,450	3,825	3,700	2,800	2,650	2,500	2,400	2,100	1,975	1,650	1,375	1,200	1,050	7,300
15. Panca Wiratama Sakti	—	5,800	5,250	5,600	5,250	5,200	5,000	5,500	5,500	5,500	5,500	5,500	5,500	4,800	5,200	5,600
16. Pudjiadi Prestige	—	—	—	—	—	—	—	—	—	—	1,475	1,300	1,400	1,375	1,400	2,500
17. Putra Surya Perkasa	—	3,700	3,350	3,500	3,275	3,275	2,700	3,200	3,200	2,925	2,200	1,050	1,250	1,175	1,100	3,450
18. Summarecon Agung	10,100	6,350	5,300	6,625	4,175	4,175	4,000	4,000	4,000	4,100	3,600	3,200	2,900	2,350	2,000	6,800

ties. Recent projects undertaken by Dharmala Land are the 280 ha upper-class residential estate Grande Family Estate, the 200 ha Grande Harapan Estate, the 1,600 ha satellite city Pantai Timur Estate, and the World Trade Center in the center of Surabaya.

The prestigious upper-class residence Darmo Grande Satellite City, is one of the more successful projects managed by DL. The Taman Harapan Indah and Taman Permata Indah residential projects are already finished. DL is currently undertaking a 98 ha project which includes canal houses and a marina in Pantai Mutiara in north Jakarta, and the 80 ha Taman Semanan Indah in West Jakarta.

Ciputra Development (CD) is one of the most prominent property developers in Indonesia, with over 6,000 ha of land and a diversified property port-

folio, ranging from residential estates (accounting for 90% total land area), hotel and retail, with plans to enter the apartment and office sectors through multi-use facilities. The main activity of the company is acquiring a land bank, and developing it by adding infrastructure, with the final goal of selling the land at a higher appraised value, by itself or together with buildings built upon it.

The company's properties are spread out in Jakarta (45%), Surabaya (30%), Tangerang (19%), and Semarang (6%). It's first project was the development of the Perumahan (Citra Garden) residential estate, followed by Citraland Mall and Hotel, and spread across Java to Citraland Semarang, Citra Raya Surabaya, Citra Raya Tangerang and the multi-use project: Citraland Regency, Golden Triangle.

Jaya Real Property (JRP) is one of the oldest property companies in Indonesia. The main activities of the company are acquiring a sizable land bank and developing land for the construction of infrastructure and buildings, which comprises residential, commercial, and retail space. The real estate division, represented by Bintaro Jaya, accounts for 85% of total revenue. Bintaro Jaya is the largest real estate community on the boundary of south Jakarta and West Java,

with a total area 1,721 ha. The community also features accredited international schools, a golf course, shopping centers, and sport and recreational facilities.

The remaining 15% of revenue is derived from three retail properties: Plaza Slipi Jaya, Plaza Bintaro Jaya and Senen, which have an average occupancy rate of over 90%. In addition, the company is taking part in the Bintaro Serpong Jakarta joint venture to construct a 13 km toll road connecting Bintaro Jaya to Jakarta's ring road; an essential part of south Jakarta's future transport grid. This 30-year BOT project is expected to be completed by mid-1997.

Duta Pertiwi (DP) is the property arm of the Sinar Mas Group - a huge conglomerate in Indonesia. Its property portfolio originated from a commercial property project for small and medium-sized businesses in the commercial center of North Jakarta (Mangga Dua retail and shophouses). Their success continued with the Roxy Mas shophouse complex, which enhanced the company's image as a commercial property developer.

DP has recently emerged to be one of the largest superblock developers, building shopping mall, condominiums, offices and hotels, most of which are located in Jakarta's prime business districts. The company is also active in developing housing estates such as Taman Duta Mas, Taman Permata Buana and Taman Banjar Wijaya. DP has a total of 19 projects, including four superblocks; the Mangga Dua, Grand Cempaka, Kuningan and Fatmawati. As of September 30, 1994, DP owns a 2,723 ha landbank, which will be sufficient for development up to year 2001.

In the middle of a market of decreasing prices, there are some listed companies with strong characteristics, and supported by big market capitalization. Property stocks are still an interesting choice, if the investor researches each property stock carefully.



Building cranes and new construction are everywhere in Jakarta.

PROPERTI I N D O N E S I A

SUCCESSFUL PAST, BRIGHT FUTURE



Jaya Property currently is the largest property company in Indonesia, with market capitalization of Rp. 1,504 billion (US\$ 683.6 million).



Jaya Real Property is firmly entrenched in the residential and retail sectors, the strongest sectors of the property business in Indonesia. Over-supply exists in the apartment sector and the office sector is weak as well. Jaya Real is not a participant in these markets, receiving 82.5% of its revenue from the residential sector and 7.8% from retail rental income.

Jaya Real is the developer of Bintaro Jaya, the largest real estate community on the boundary of South Jakarta and West Java, with a total area of 1,721 ha. This community has three internationally accredited schools - with one in operation (the British International

been 80% sold by the strata title method. This satellite city is planned to be the home of 125,000 people.

It is important to note that the founders of this company are the Jakarta government and a group of prominent local businessmen, led by Ciputra, highly regarded as one of the most successful and experienced property developers in Indonesian. His participation in this project promotes public confidence and ensures strong management. The involvement by the City of Jakarta in the company provides vision to foresee development trends, and power to facilitate an interface between the company and local bureaucracy. This combination of public govern-

tate when complete in 1997.

The company has a 70% stake in the 1,700 ha land acquisition in Tangerang, to be used for a large residential estate complex. Its Initial Public Offering in June, 1994 generated capital for this acquisition.

Jaya's assets are all in Jakarta, the economic, political, and trade center of Indonesia. Business, population, and finance in Indonesia will be centered in Jakarta for the foreseeable future. About 70% of the financial circulation of the country of Indonesia is centered here. Continued in-migration will contribute to a rapid growth rate (4%) in the greater Jakarta area throughout the next century. Demand for residential housing remains strong, with demand for low to middle income housing extremely high. The Capital appreciation of residential housing in landed estates in the Jakarta area remains high, at 25% pa., and has been at that level historically.

The new tax bill passed in January 1995 will increase the income of workers, and enhance the affordability of residential housing. An upper middle class worker making Rp. 75 million (US\$ 34,400) will save Rp. 9.0 million (US\$ 4,120), a monthly increase of 19.6%. Since banks base maximum mortgage availability on 30% of monthly net salary, this should cause buyers to be able to afford more expensive homes, and generate customers at the lower income end of the market.

Stock Ratings

Year-end Dec	1991	1992	1993	1994	1995F
Net Profit (Rpbn)	10.0	25.6	29.3	95.2	116.4
EPS (Rp)	n/a	n/a	n/a	446	495
Change (%)	n/a	n/a	n/a	n/a	20.9
P/E (x)	n/a	n/a	n/a	14.0	13.5
DPS (Rp)				121	124
Yield (%)				2.0	1.8
Issued Shares (m)	235.0				
Listed Shares (m)	235.0				
Market Cap. (Rpbn)	1,504				
IPO Price (Rp)	5,200 per-share				

School), and two more; the Japanese International School and the Jaya Global school soon to be completed; a large and well established shopping mall; a golf course; and sports and recreational facilities. About 200 ha out of the total land area will be used for the development of a commercial business district. The 17-storey House of Jaya office building, constructed on 15,000 sqm of land in the CBD area of Bintaro, has

mental support and experienced private management makes the company a formidable entry in the property stock sector of Indonesia.

Jaya Real is also currently building a major toll road project. This toll road is critically needed by the public, and will generate substantial income. It also directly serves the residents of Bintaro Jaya, causing near certain appreciation of property values for the es-



BACKGROUND

Jaya Real Property is one of the oldest property companies in Indonesia, with a proven record of success with its massive Bintaro Jaya residential estate project. This was the first new city development to be successfully launched in Indonesia by a private company.

The company obtained its first land acquisition permit in 1979 to acquire 100 ha of land in the village of Bintaro and the surrounding areas in Tangerang, West Java - 15 km. southwest of Central Jakarta. The first housing development began in 1980. By the

end of 1993, Jaya Real Property held rights to 1,721 ha. of land in Bintaro and Tangerang for the Bintaro Jaya development alone, and had already developed 370 ha.

The method used by the company is its residential development is to accumulate a large land bank and develop this land by providing infrastructural facilities. Later, housing, commercial, and retail areas are built, according to the designer's master plan. The real estate division of Jaya Real is represented by Bintaro Jaya, which provides 85% of the company's revenue.

The Jakarta Municipal government is a part owner of Jaya Real Property through Pembangunan Jaya (85%). The public owns 15% of Jaya Real Property through stock shares.

Bintaro Jaya is the successful, well-established new town type residential estate in the southwest of Jakarta, about 15 km from the central city. Jaya Real property was established to engage in the acquisition and development of Bintaro. The first acquisition in this area was for 100 ha. The company began housing development in Bintaro in 1980. Now the company holds land



A park in Bintaro Jaya. Extensive parks and gardens make the development a healthy place for children to grow.

THE HOUSE OF JAYA

FINANCE

C

ONSULTANCY

C

ONSTRUCTION

M

ANUFACTURING

T

RADING

T

OURISM

PROPERTY

The roof of the house is the company's considerable financial business, including banks, and multi-financial institutions.

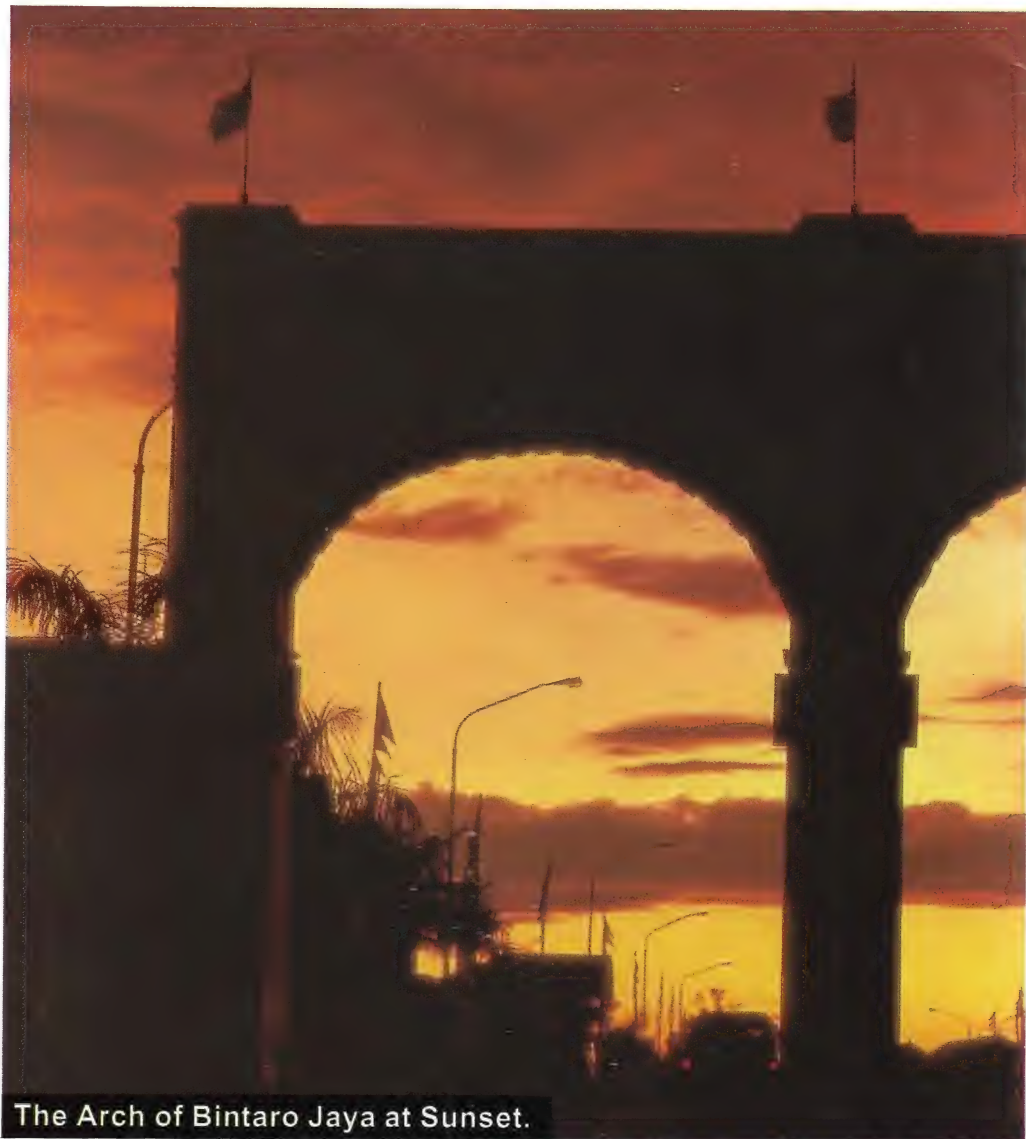
With 16 years in the property development business, PT Jaya Real Property has a long history of creating high quality projects. The man-

agement team of the company also possesses a long history of experience. Ciputra is the chairman of the company, and the board of directors: Tanto Kurniawan, Edmund Sutisna, Daryanto Mangoenpratolo, Leonardi Kusen, Budi Karya, Diaz Moreno have each been with the company for at least a decade; having worked their way up through the ranks. The company employs over 900 people.

rights for 1,721 ha and has acquired 1,070 ha, of which 370 ha have been developed. The land bank is 700 ha.

The company is currently planning the development of another satellite city. It will be about the same size as the current Bintaro Jaya project. This is Jaya Garden Polis, a huge, 1,700 ha new city in Tangerang. this development is expected to begin producing large revenues, and increase the company's NAV shortly.

Jaya Real Property is the main property development arm of the Jaya Group. Jaya Group booked aggregate sales of about Rp 1,300 billion (US\$ 596 million) in 1993. PT Pembangunan Jaya is the holding company the Jaya Group is organized under, made up of over 50 companies engaged in wide array of businesses, including real estate. Jaya Group uses a house metaphor for the company's business structure. The foundation of the House of Jaya is real estate. The pillars of the company's house are construction, consultancy, manufacturing, trading, and tourism.



FINANCIAL PERFORMANCE

Estimates show a total revenue of Rp 263.3 billion for 1994. The profit margin increased 2% to 58%, the result of significant increase in the price of land. Land prices in Bintaro Jaya have inflated by an average of Rp 175,000 per sqm. during 1994, or 40%. Higher demand for houses provided Jaya Real with a net profit of about Rp 95 billion.

The growth in the sale of properties was forecasted to grow 132% to Rp. 241.9 billion due to favorable interest rates previously, causing a backlog of orders to be delivered and booked. A total of 1355 units was planned to be booked in 1994, up from 991 units in 1993.

Gross profits in 1994 saw a boost of Rp. 12.3 billion from the sale of 74,445.5 sqm of land in Bintaro Jaya to Yayasan Pemeliharaan Sekolah Jepang for the relocation of the Japanese International School. This land was sold for a total consideration of Rp 20.85 billion or Rp 280,000 per sqm. At the time of Jaya's IPO, the company had planned to complete this transaction in 1995 at only Rp 225,700 per sqm. for 70,000 sqm. The sale was made at a favorable rate for the company.

Additional land sales generated about Rp 3.3 billion and Rp 2.3 billion in gross profits.

The company produced a stock offering in May, 1994. 35,000,000 were offered to the public. The May 1994 IPO grossed Rp 182 billion, which significantly increased interest income to Rp. 13.1 billion, up from Rp 3.0 billion. Net profit is projected to increase by 132.6% to Rp 101.8 billion, which is 6.1% above IPO forecasts.

The Rp 182 billion (US\$ 82.7 million) IPO placed the company in a net cash position. Note that currently the stock is trading at a 50% discount to NAV.

As a part of its IPO plan, Jaya Real Property will acquire 70% of JayaLand's stake in Jaya Garden Polis. The acquisition cost of Rp 91 billion is expected to be financed by its IPO proceeds. Jayaland holds a 1,700 ha land bank in Tangerang for the development of a satellite city similar to Bintaro Jaya. The satellite city project Jaya Garden Polis, is expected to cause the



FINANCIAL OUT LOOK REVENUE BREAKDOWN (Rp. bn)

	1994	1995F	1996F
SALES			
Landed Residential	241.90	304.10	364.92
Retail Rental	21.41	25.99	31.19
Total Sales	263.31	330.09	396.11
COGS			
Landed Residential	99.40	127.20	154.65
Retail Rental	12.78	13.42	14.09
Total COGS	112.18	140.62	168.74
GROSS PROFIT	151.13	189.47	227.37



Company's NAV to increase by 13.9% to Rp 15,845.

Since its Initial Public Offering in 1994, shares of this stock have increased a whopping 46.2%. Net assets have also increased.

For 1995, The total turnover is projected to increase 25.5% to Rp. 369 billion, with residential sales at Bintaro Jaya to increase at a more sustainable rate



Housing at Bintaro Jaya. Parks and gardens are an integral part of the development



River running through Bintaro Jaya.

of 11.7% to Rp 368.4 billion. Over 500 houses have already been backlogged for 1995 from 1994.

The House of Jaya, the 17 story office tower at Bintaro Jaya, will be completed in 1996. This building should entice companies to move from the Jakarta CBD to Bintaro Jaya.

At the end of 1995 Jaya Real Property will launch the marketing of Jaya Garden Polis (Kota Jaya). The project will start generating revenue from delivery of residential housing in 1996.

BINTARO JAYA

Bintaro is a satellite city project located relatively close to Jakarta's CBD (about 15 km away). It is the largest residential estate development in the southern part of Jakarta. Bintaro Jaya straddles the southwest boundary of Jakarta. This huge project is planned to cover 1,721 ha and provide housing for 125,000 people. Current development is extensive. It will include its own Central Business District (CBD) and contain a hospital, a shopping complex and sports facilities and other commercial facilities. One unique characteristic of the development is its international flavor, due to the existence of residents from many countries, three international schools (one completed, two in progress), and a cultural center.

Jaya Real Property saw the need for the Bintaro Jaya Satellite City when it looked at other developments completed or underway in Indonesia. The company saw the need for a satellite city removed from the sprawl and pollution of the city, while having all the needs of residents; not just housing. The idea was to build a self-contained residential city, with large green areas, pleasant neighborhoods, all necessary infrastructure, and all the shopping, recreational, and life-enhancement needs of its citizens.

Today, Bintaro Jaya is famous as a prestigious residential area in south Jakarta. It takes its name from a small village formerly located on the site, called Bintaro. 'Bintaro' is the name of a tree (Cerbera Odallan Gaerth, genus Apocynaceae) found throughout India, the Malay Peninsula, Sumatra, Java, Australia, and Polynesia. This tree is easy to grow, and is usually used as a tradi-

tional medicine, and an insecticide.

The Master Plan for the development envisions a self-contained city covering 1721 ha. PT Jaya Real has received license from the government to develop the full project as laid out in the



Flower of the Bintaro Tree. The symbol of Bintaro Jaya.

Master Plan. Since 370 ha of the project have already been developed, it is a living, growing residential estate project.

Bintaro Jaya has been subdivided into three zones: A, B, and C. Each is designed to be self-sufficient, while integrating into a well conceived whole.

Zone A, primarily residential, covers 486 ha., of which 60% is designed for low to middle income housing. Nearly 6,800 housing units, of a total of 8,000 have been built. Of a total of nearly 400 ha, 253 have been developed. Facilities include a shopping center, shop houses, mini marts, playgrounds, a sports center, a kindergarten, an elementary school, a junior high school, a golf course, and a driving range.

Zone B covers 240.1 ha, of which 100.2 ha has been developed. 568 units had been sold there as of June, 1994. It is the location of the Indonesian International School. When completed in 1997, this zone will contain housing for low, mid, and upper income residents.

Zone C covers 936.2 ha, of which 373.2 ha. have been developed. Housing development has not started yet, but the British International School is



already here and complete. This site will have more than 10,000 units of housing completed by the year 2000, and will also be home to the Japanese International School.

Bintaro Jaya was designed by The Design Group of Baltimore, Maryland, USA, around the concept of 'a Garden City with an International Atmosphere'.

This project was begun in 1979, with a license to build on 100 ha. In the 16 years since then, this concept has become a successful reality. Already more than 35,000 people call Bintaro Jaya home, with over 7800 housing units occupied. The business district plan has been designed, with the important addition of the House of Jaya building soon complete. The Plaza Bintaro shopping mall is a success, and the area boasts a golf course, tennis courts, a driving range, schools, and other recreational areas.

The development is based on Milton Keynes Town, a satellite town 60 miles south of London. This town is a zenith of pleasant living, with perfectly arranged parks, beautiful gardens, and lovely housing settlements. The town concept was adapted to fit the Bintaro Jaya Master Plan.

Profit & Loss Account (Rp bn)					
Year Ending 31st December	1991	1992	1993	1994	1995F
Development Revenues	68.8	116.1	103.4	241.8	304.1
(% Change)		68.9%	-11.0%	133.9%	25.8%
Cost of Goods Sold	34.9	71.1	45.6	99.4	127.2
(% Change)		103.4%	-35.8%	118.0%	28%
Gross Profit	33.8	45.0	57.7	142.5	176.9
(% Change)		33.1%	28.2%	147.0%	24.14%
Other Revenues					
Rental Income	0.3	0.4	0.3	6.7	7.87
Service Charge	0.0	0.0	0.0	0.8	2.5
Other Operating Income	0.0	0.0	0.0	1.1	2.2
Total Other Revenues	0.3	0.4	0.3	8.6	12.57
(% Change)		9.1%	-10.8%	2766.7%	46.16%
Total Operating Income	34.2	45.4	58.1	151.1	189.47
(% Change)		32.9%	27.9%	160%	25.39%
Operating Expenses					
Selling	2.2	2.0	1.6	3.2	5.0
Personnel	1.9	6.8	8.1	7.6	10.7
Depreciation	0.3	0.2	0.2	6.4	6.5
General & administrative	0.8	1.1	1.2	3.75	1.6
Total Operating Expenses	5.2	10.2	11.1	14.95	23.8
(% Change)		97.8%	9.2%	34.7%	59.1%
Operating Profit	29.0	35.2	46.9	136.2	165.7
(% Change)		21.4%	33.3%	190.4%	21.64%
Other Income (Expenses)					
Interest income	0.5	0.5	3.0	0.4	8.73
Interest expense	-15.4	-18.9	-13.7	-9.5	-7.4
Dividend income	0.0	0.0	18.0	0.0	0.0
Amortisation of deferred charges	0.0	0.0	0.0	0.0	-2.5
Associates	0.0	0.0	0.0	0.0	0.0
Miscellaneous - net	0.7	0.8	1.2	7.4	1.2
Total Other Income (Charges)	-14.2	-17.5	8.5	8.3	0.03
Pre-Tax Income	14.8	17.7	55.4	144.5	165.71
(% change)	19.8%	213.1%	182.6%	160.8%	14.67%
Tax	-5.1	-6.3	-11.7	-49.2	-49.71
(% Change)		22.4%	84.9%	320.5%	1%
Post-Tax Profit	9.6	11.4	43.8	95.2	115.99
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	9.6	11.4	43.8	95.2	115.99
(% Change)		18.5%	284.1%	117.4%	21.84%
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
Attributable Profit	9.6	11.4	43.8	95.2	115.99
(% Change)		18.5%	284.1%	117.4%	21.84%

Development Status of Bintaro Jaya as of Dec. 31, 1994

Total Area Developed

Sector	Total Area Acquired (ha)	Gross (ha)	Net (ha)	Sales (ha)	Sales (units)
Zone A	492.37	280.45	188.04	159.88	6,885
Zone B	243.34	115.32	54.41	26.43	1,216
Zone C	297.48	23.34	23.34	21.38	2
Total	1,033.19	419.11	265.79	207.69	8,103

In addition, designers want to blend this concept with the historical Menteng area of Jakarta. In the past, the Menteng area was a neighborhood well known for its respectable, and elegant lifestyle. The neighborhood reflected the sophistication of its citizens, with greenery, good housing, and access to work and shopping areas. The builders of Bintaro Jaya remember this past legacy, and want to make it a



Master Plan of the Bintaro Central Business District. Future competitor with the Jakarta CBD.

PT Jaya Real Property believes this area will become a new center for offices, condominiums and shops. Four large firms have already committed to moving their headquarters to the CBD, and many more are expected to follow their lead. Reasons for optimism about the development of this CBD are eventual completion of the toll road, the state-of-the-art infrastructure, and low land prices.

With land prices only about a quarter of those in the Kabayoran business area of south Jakarta, and with the coming transport infrastructure, the Bintaro CBD should be a competitive alternative to the heavy traffic and high prices of the Jakarta CBD. In the second stage, there are three projects planned: two apartment towers; a huge

part of the character of their town.

Bintaro Jaya is self-contained, but still a reasonable distance from the Jakarta (CBD). The completion of the toll road project in 1997 will make travel to central Jakarta even more pleasant and manageable. The designers of Bintaro Jaya intended to create more than just a living area, but promote a lifestyle attractive to its residents.

The 200 ha Central Business District, designed to be a job source for residents as well as an alternative to the crowded and expensive Jakarta CBD, is scheduled to begin development in 1997, soon after the completion of the Toll road project. This development is expected to take ten years to complete. The House of Jaya, the office building, is nearing completion in the CBD.



Golf at Bintaro Jaya. A nine hole course for lucky residents at Bintaro Jaya.



retail center; and a 300,000 sqm shopping mall and hotel.

The company intends to compete with the Jakarta CBD. Its CBD will include the Sudirman Commercial and Office Park, the Thamrin Commercial and Office Park, the Sarinah Shopping Complex, the Fatahillah Park and Plaza, and a sports facility, the Cut Nyak Dien Sports Complex.

Increasingly, buyers, in addition to factors such as location from job site and affordability, place local educational institutions at the top of their list of priorities for potential homes. Bintaro Jaya is a leader in

Development Progres at Bintaro Jaya

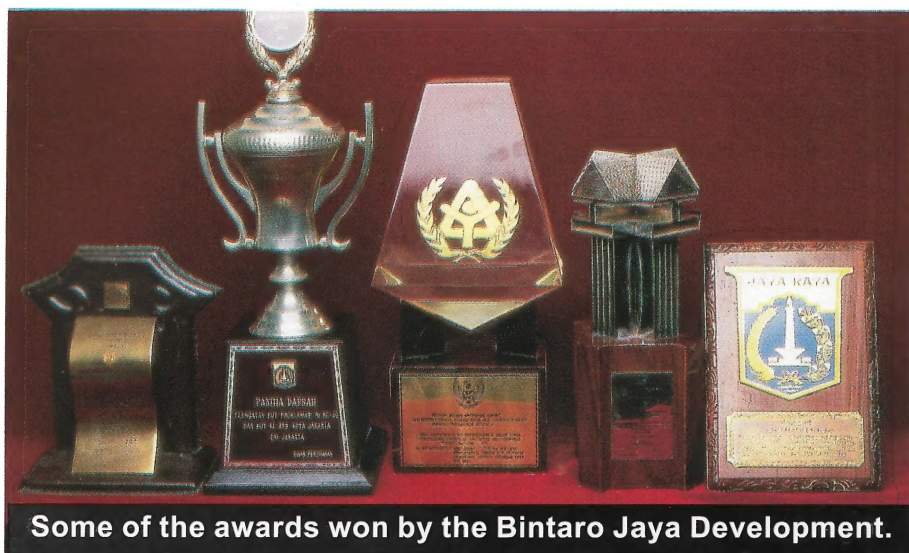
Year	Land (sqm)	No. of Units	Total Residential Sales (Rp bn)
1983	56,985	299	6.52
1984	74,750	346	11.57
1985	45,302	162	6.67
1986	84,022	401	11.79
1987	59,193	323	12.34
1988	77,371	483	15.66
1989	109,656	532	22.14
1990	178,858	919	47.39
1991	175,510	928	68.75
1992	291,335	738	85.79
1993	211,540	991	103.35
1994	578,185	1,355	241.90

that area as well. The British International School, a major educational institution able to enroll 1,300 students,

is fully operational. The Japanese International School has purchased land and is expected to open in 1996,



Scene at the British International School at Bintaro Jaya. Quality education from an international faculty.



Some of the awards won by the Bintaro Jaya Development.

Awards Won by the Bintaro Jaya Project

1985	First Prize	Jakarta City Environment Competition
1986	First Prize	Jakarta Middle Class Housing Sales Competition
1987	First Prize	Jakarta Real Estate Green Competition
1988	First Prize	Jakarta Gardening Competition
1988	First Prize	Category B, National Real estate Green Contest
1993	First Prize	Category B, 33th National Conservation Contest
1994	First Prize	34th National Conservation Contest

and monitored by PT Jaya Real Property's Estate Management Division. For example, every home and office is connected to the centrally-operated artesian well and reservoir system. Such a system ensures every residence's water meets the same high standards of cleanliness. Bintaro also has its own composting center. This center converts the city's organic refuse into fertilizer for use in the surrounding area. The development also has an automated telephone network.

In terms of transportation infrastructure, the company early on determined that traffic control was necessary to the successful completion of their project. Those residents who work in the Bintaro CBD itself will enjoy a short commute time, but those who work in the central Jakarta area can experience long commutes. Therefore, the company took a giant step in planning, and currently building a Rp.

with a total enrollment of 700 students. The Jaya Global School will open in 1996, with a 1,000 student capacity.

The Jaya Global School will feature standard Indonesian curriculum, supplemented with international level course work in foreign languages, the sciences, and the arts. The company is building townhouses near the schools to provide housing for families and teachers. This setting; with three international schools, should help create a diversity of culture to make the community unique.

Infrastructural developments include waste disposal, 24-hour security, a centralized water system, and telecommunications services, all provided



Sekolah Global Jaya. An Indonesian school with international standards.



200 billion, 13 km toll road connecting Bintaro Jaya to Jakarta's Outer Ring Road. When completed in 1997, the commute to central Jakarta will be quick, and major development areas

averaged between 30-35% each year. To date, the company has financed the project through a combination of PT Jaya Real Property's initial capital investment, bank loans, and income

through housing and land sales.

In a market where developers sometimes promise much, the Bintaro Jaya development shows tremendous building progress. 7,863 completed housing units are now occupied, home to over 35,000 people. Only 10% of sales are for land plots without housing. Currently plots without land are no longer sold.

Homes in Bintaro Jaya sell for between US\$ 32,000 to 205,000. About 60% of buyers use mortgages from 15 banks specifically available for this project. The other 40% of buyers pay in cash.

Terms of mortgages are now 8 years, up from 5 years in 1992.



Housing complex at Cikini Bintaro Jaya. One of the prestigious developments at Bintaro Jaya.

like Tangerang will be a short trip away. The ease of commuting around the rapidly developing south Jakarta area will make housing at Bintaro Jaya appreciate substantially when the toll road development is complete.

Buyers at Bintaro Jaya have a choice of 20 different kinds of house plans, with each capable of further customizing. Houses vary in size from 36 sqm. to 250 sqm, standing on anywhere from 90 sqm to 360 sqm of land. These houses are designed with the local climate in mind, and designs are updated each year.

The growth of Jaya Real property's total revenue in the last five years has



Artist's impression of a future apartment complex at the Bintaro CBD.